

## Inside:

- 2 Updates from CalSTRS on coronavirus
- 3 myCalSTRS: Access CalSTRS online services 24/7
- 5 New to teaching? Do these five things today
- 5 How Pension2 fits into your future
- 6 Teacher Talk: Spotlight on California's educators
- 7 Board news

# CALSTRS Connections



## YOUR MONEY MATTERS

SEMIANNUAL PUBLICATION FOR ACTIVE AND INACTIVE CALSTRS MEMBERS

### A note from the Teachers' Retirement Board

At the March meeting of the Teachers' Retirement Board, CalSTRS Chief Executive Officer Jack Ehnes announced his plan to retire effective September 1, 2020. As the effects of COVID-19 on the global economy and CalSTRS operations became apparent during the days following his announcement, the board asked him to continue to serve as CEO through June 30, 2021.

We are grateful and pleased that Jack, also recognizing the severity of the emerging situation, agreed to stay on as CEO as requested by the board. Jack's experience and stable leadership during this crisis will be necessary in the coming months. It is in the best interest of our membership, the fund that we oversee, and CalSTRS' dedicated staff that he stays through June 2021. His new retirement date also allows the board to postpone the executive search for a new CEO to ensure the most thorough and competitive process possible.

We will continue to do the critical work necessary to uphold our mission of securing the financial future and sustaining the trust of California's educators. CalSTRS has been delivering on its mission for well over a century. This crisis does not and will not deter us. We are confident that by working together in alignment with CalSTRS' solid values, we will emerge from this challenge.

On behalf of the board, we thank you for your continued dedication and commitment to California students and our state's public education system. The health and well-being of our members is of the utmost importance and we wish for your continued personal health and safety.

**CalSTRS releases  
2018-19  
Sustainability  
Report**

[See page 4](#)

Also inside:

**2019  
Summary  
Report to  
Members**

## CalSTRS mission:

Securing the financial future and sustaining the trust of California's educators

### Teachers' Retirement Board

Harry M. Keiley, Chair  
Sharon Hendricks, Vice Chair  
Keely Bosler  
Denise Bradford  
Joy Higa  
Fiona Ma  
William Prezant  
Tony Thurmond  
Karen Yamamoto  
Betty Yee

Jack Ehnes  
*Chief Executive Officer*

Christopher J. Ailman  
*Chief Investment Officer*

### Editor

Laura Martin

### Designer

Juliann Binder

Statements in this publication are general and the Teachers' Retirement Law is complex and specific. If a conflict arises between information contained in this publication and the law, any decisions will be based on the law.

*CalSTRS Connections* is published twice a year for members of the California State Teachers' Retirement System. Send your comments or suggestions to:

Editor, Communications  
CalSTRS  
MS 34  
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Sacramento, CA 95851

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## ► Updates from CalSTRS on coronavirus

We know you may have concerns about the implications of the coronavirus outbreak to your long-term retirement plans and questions about how to access CalSTRS services during this time.

Responding to state and community shelter-in-place directives, we have temporarily reduced hours at our Contact Center and transitioned to working remotely. You can still reach us by telephone, but to reduce wait times, we encourage you to use secure messaging through *myCalSTRS* or our secure online form at [CalSTRS.com/contact-us](https://www.calstrs.com/contact-us). You can also visit [CalSTRS.com](https://www.calstrs.com) to find answers to frequently asked questions.

Our member service centers are temporarily closed and group workshops are postponed. We are rescheduling in-person group benefit planning sessions to webinar format and our staff will reach out to those with scheduled sessions to advise of these changes.

As school districts, county offices of education or other governing bodies have authorized school closures based on COVID-19 concerns, we remain committed to working with employers. As long as employees are paid during the closures, there should be no impact to a member's service credit because their earnings should reflect the compensation they would have received had schools not been closed. We are working proactively with employers to monitor any potential impacts that school closures could have on service credit for our members and reviewing each closure on a case-by-case basis.

The spread of COVID-19 has affected global markets over the short term. CalSTRS is a long-term investor, and we think in terms of decades—not days, weeks or months. The CalSTRS investment portfolio is broadly diversified in order to respond to periods of market volatility and uncertainty. Our members' retirement benefits continue to be secure.

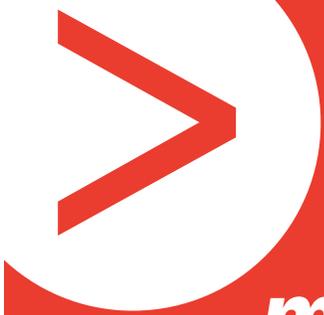
➤ **Go to [CalSTRS.com](https://www.calstrs.com) for the latest updates.**



**Find information about COVID-19 and how to protect yourself:**

California Department of Public Health: [cdph.ca.gov](https://www.cdph.ca.gov)

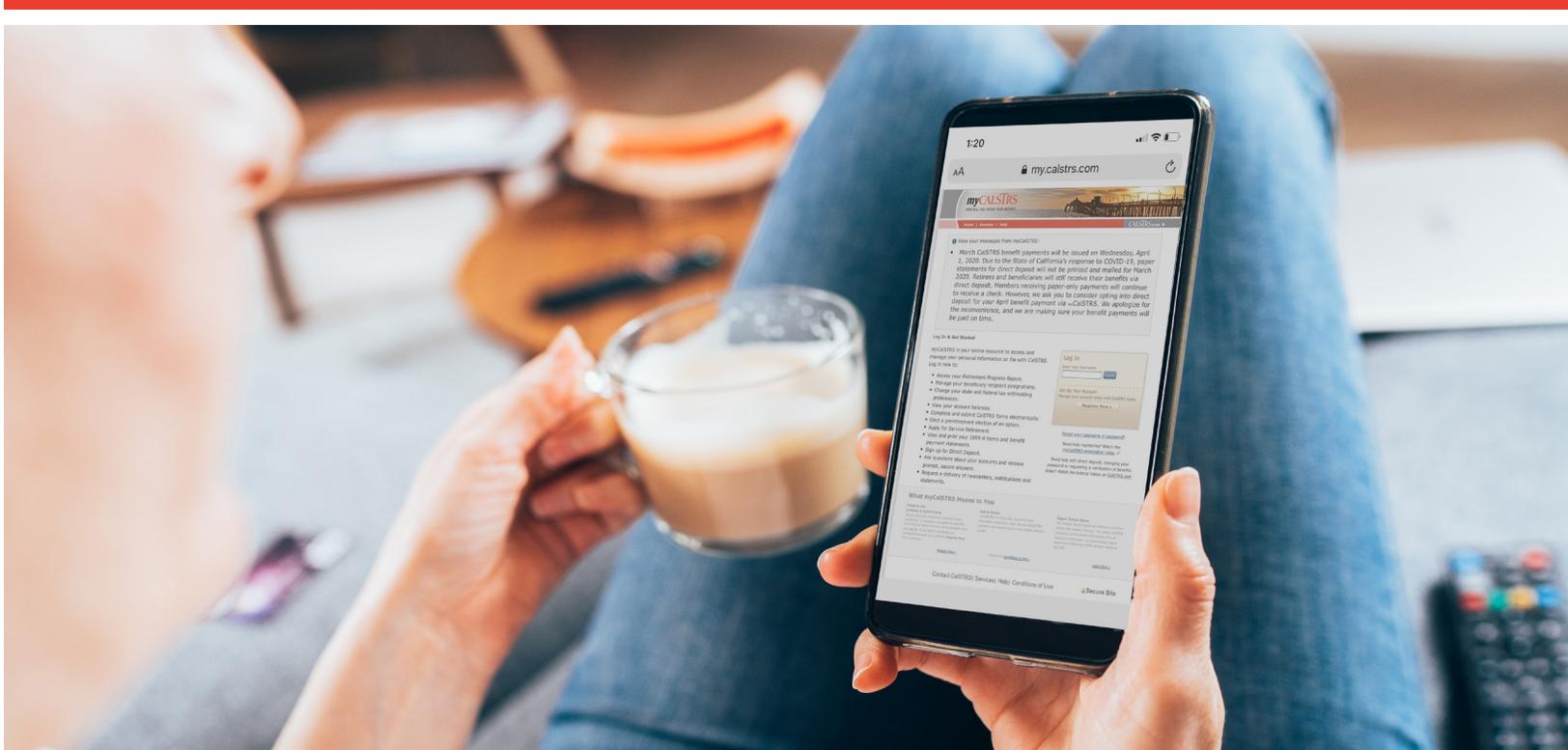
Centers for Disease Control and Prevention: [cdc.gov](https://www.cdc.gov)



# myCALSTRS

## Access CalSTRS online services 24/7

myCalSTRS offers easy, secure and convenient access to your accounts and CalSTRS forms, anytime, anywhere. Register at [myCalSTRS.com](https://mycalstrs.com).



### With myCalSTRS, you can:

- 1 Update your contact information.
- 2 Access your annual *Retirement Progress Report* and view information reported by your employer.
- 3 View your account balances.
- 4 Name and update your one-time death benefit recipient.
- 5 Complete and submit forms.
- 6 Link to your CalSTRS Pension2® 403(b) or 457(b) account, if you have one.
- 7 Ask questions about your accounts and receive prompt, secure answers.
- 8 Request e-delivery of newsletters, notifications and statements.

### > Need help registering?

View the self-paced, interactive online registration guide at [myCalSTRS.com](https://mycalstrs.com).

You'll find help with resetting your password at [CalSTRS.com/myCalSTRS-help-videos](https://calstrs.com/mycalstrs-help-videos).

# CalSTRS releases 2018–19 Sustainability Report

We are pleased to release our sixth annual *Sustainability Report*. At CalSTRS, sustainability signifies the actions we take to ensure we are here in perpetuity, securing the financial future and sustaining the trust of California’s educators.

Our sustainability report was prepared in accordance with the Global Reporting Initiative Standards guidelines—a framework that incorporates stakeholder engagement and feedback into organizational prioritization and report focus. We highlight:

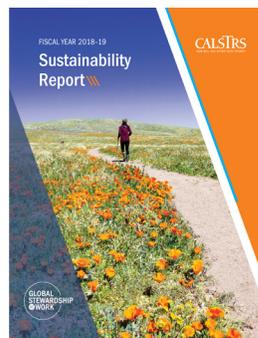
**Path to Full Funding:** CalSTRS’ primary goal is to ensure a financially sustainable trust fund for our members and beneficiaries. Learn about the historical and projected funding status, reporting and risks.

**Member Retirement Preparedness:** CalSTRS members are expected to live longer than the average Social Security retirement recipient. Read why we encourage members to evaluate the impact of working longer and contributing to supplemental savings early in their careers.

**Information Security:** Securing member and organizational data is one of our most critical priorities. Learn about actions we take to protect sensitive member information.

**Ethics and Compliance:** We adhere to high standards of ethical business practices. Read about the role of Ethics and Compliance throughout the organization, including training and policy acknowledgement.

**Portfolio Readiness for Low-Carbon Transition:** CalSTRS is taking steps to address the physical and transition risks that climate change poses to its investment portfolio and protect the fund.



View the full 2018–19 report at [CalSTRS.com/sustainability-reports](https://www.calstrs.com/sustainability-reports)

## Retirement benefits fuel local economies:



During fiscal year  
**2018–19:**

CalSTRS paid an estimated  
**\$12 billion** in benefits



to **229,546**  
retirees living  
in California.

# 2019

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

## Summary Report to Members

### CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

This summary provides important details regarding your retirement fund.

**Our mission:**  
Securing the financial future and sustaining the trust of California's educators

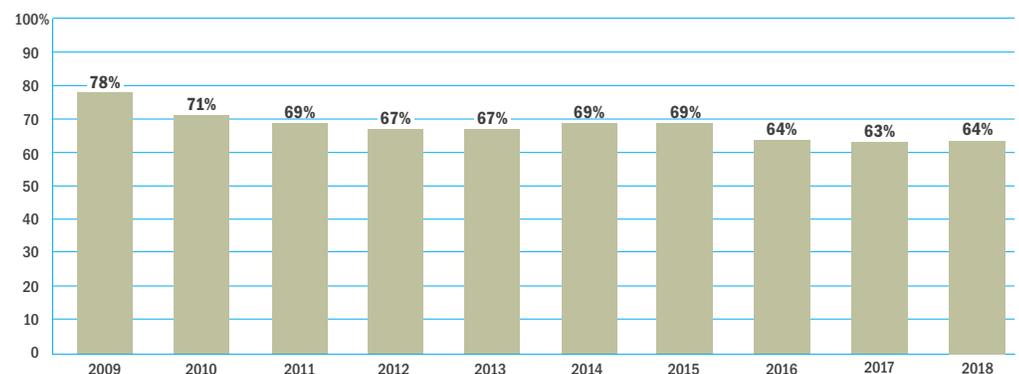
### State Teachers' Retirement Plan Statement of changes in fiduciary net position

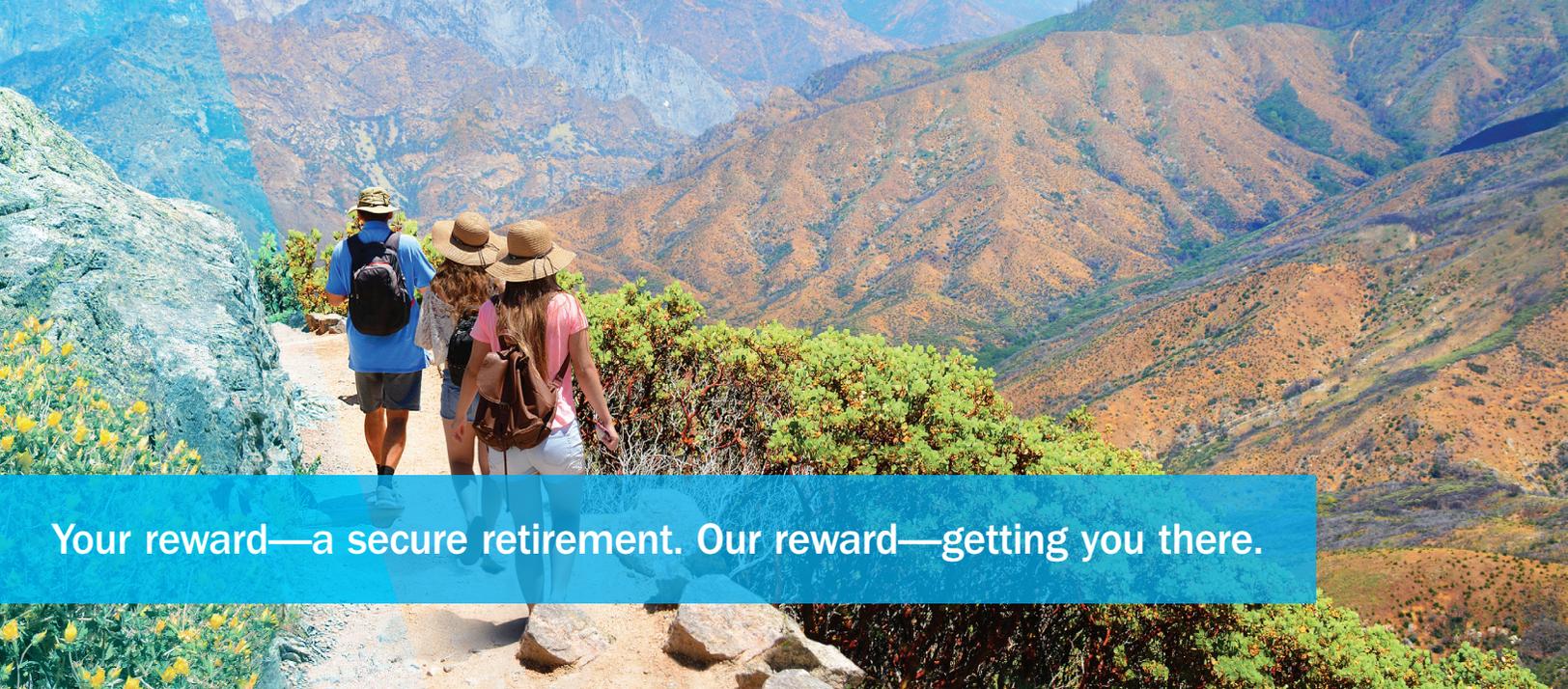
(Dollars in thousands)

	2019	2018
<b>Additions</b>		
Contributions (member, employer, state of California)	\$14,627,331	\$11,159,579
Investment income	15,808,257	19,364,771
Investment expense	(910,424)	(691,234)
Other income	127,603	105,144
<b>Total additions</b>	<b>\$29,652,767</b>	<b>\$29,938,260</b>
<b>Deductions</b>		
Benefits and refunds	\$15,295,980	\$14,536,696
Administrative expenses	253,953	216,083
Borrowing costs	105,306	94,249
Other expenses	4,275	1,678
<b>Total deductions</b>	<b>\$15,659,514</b>	<b>\$14,848,706</b>
<b>Increase in net position</b>	<b>13,993,253</b>	<b>\$15,089,554</b>
<b>Net position restricted for pensions/other postemployment benefits</b>		
Beginning of the year—as previously reported	\$224,868,635	\$210,289,900
Adjustment for application of GASB 75	—	(510,819)
Beginning of the year—as adjusted	224,868,635	209,779,081
<b>End of the year</b>	<b>\$238,861,888</b>	<b>\$224,868,635</b>

### Defined Benefit Program funding ratio

The June 30, 2018, funding valuation (released in May 2019) showed a decrease of \$0.1 billion in the unfunded actuarial obligation of the Defined Benefit Program to a total of \$107.2 billion and an increase in the funding ratio from 62.6% to 64.0%. This increase is primarily attributable to positive investment returns and increased contributions. A gradual increase in the funding ratio is projected under the CalSTRS Funding Plan as contributions increase, with a steady progress towards full funding by 2046.





Your reward—a secure retirement. Our reward—getting you there.

## Defined Benefit Program

### Membership

Fiscal year	2019	2018
Active members	451,429	449,595
Inactive members	204,593	198,058
<b>Total</b>	<b>656,022</b>	<b>647,653</b>
Service retirement benefits	270,835	264,780
Disability benefits	10,152	10,089
Survivor benefits	27,652	26,990
<b>Total</b>	<b>308,639</b>	<b>301,859</b>
<b>Total members and beneficiaries</b>	<b>964,661</b>	<b>949,512</b>

### Average active member age and years of service

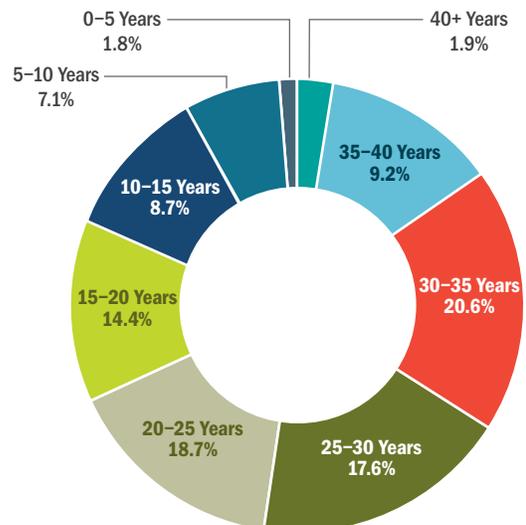
Fiscal year	2019	2018
Average age	45.2	45.2
Average years of service	12.2	12.1
Average annual salary	\$77,736	\$75,604

### Members retiring

Fiscal year	2019	2018
Number retiring	12,331	12,778
Average age	63.3	63.3
Average years of service	24.083	24.264
Average annual final compensation	\$94,560	\$92,748
Average annual member-only benefit	\$54,564	\$54,144

### Years of service at retirement

As of June 30, 2019



# Securing your financial future

CalSTRS' primary goal is to maintain a financially sound retirement system. CalSTRS' philosophy is "long-term patient capital"—investing for long-term net cash flows and capital gain potential at a reasonable price. The presentation of investment values and related returns in this section is based on investment industry practices and provides timely information that is easily compared to benchmarks and peer results. Within the Financial section of the CAFR, the same information is reported in accordance with GAAP. For more current investment information, as well as videos detailing key aspects of the investment portfolio, see CalSTRS.com.

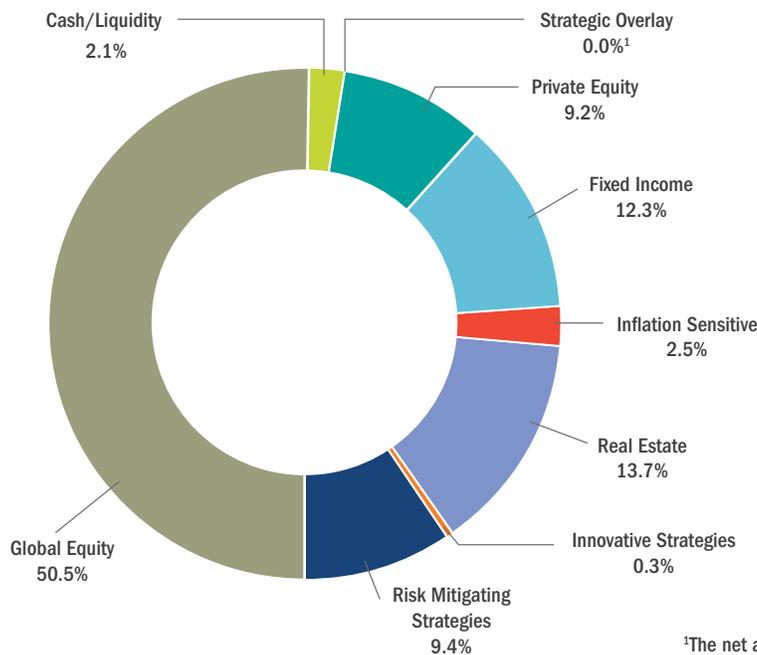
## Investment allocation

The board adopts long-term strategic allocation targets to be implemented over several years. The following charts provide the distribution of the STRP investments based on portfolio allocation and market value of investments.

## Asset allocation

### Total investment portfolio of \$236.9 billion

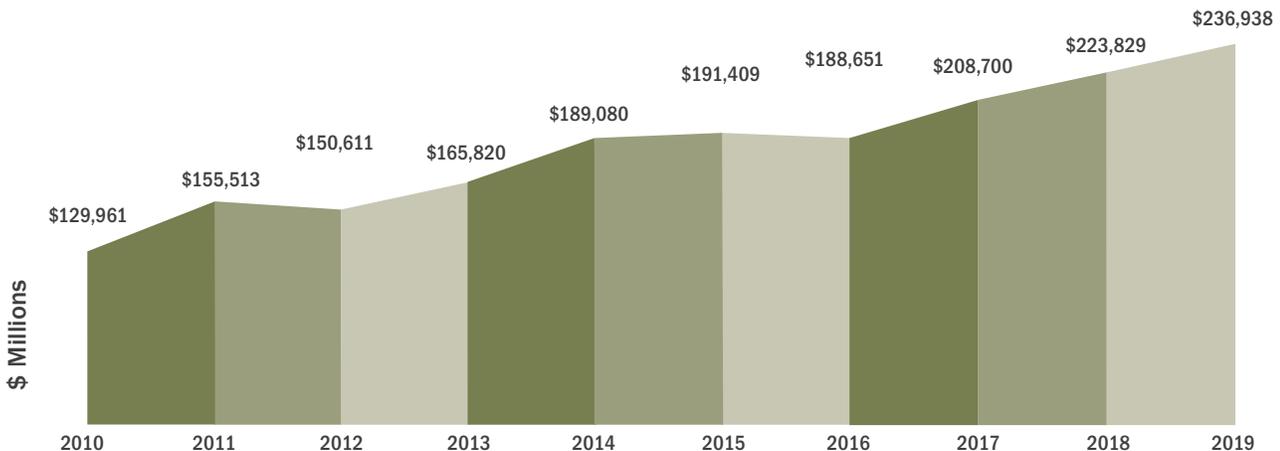
As of June 30, 2019



<sup>1</sup>The net asset value for Strategic Overlay was (\$6.7) million, which rounds to less than 0.1% of the total asset allocation.

## Market value of investments

(Fiscal years ending June 30)

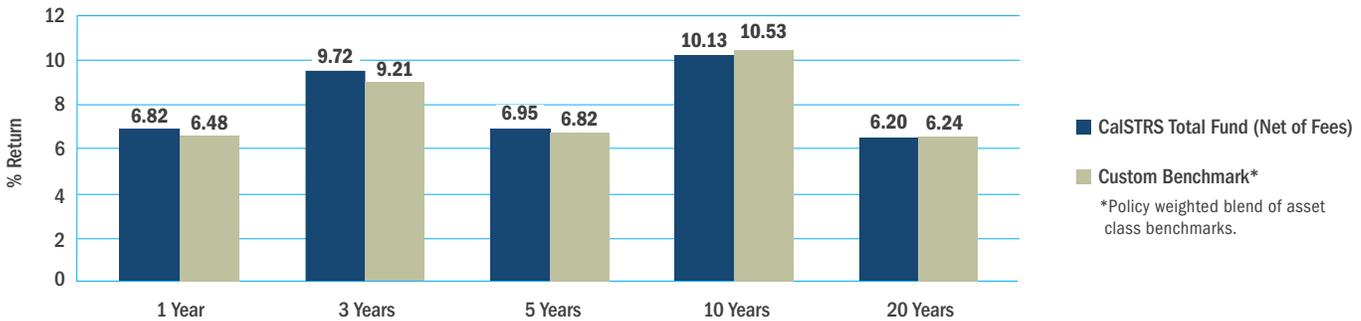


# Securing your financial future (continued)

The following charts show CalSTRS returns versus custom benchmarks as of June 30, 2019. Benchmarks are goals and standards used to measure investment performance.

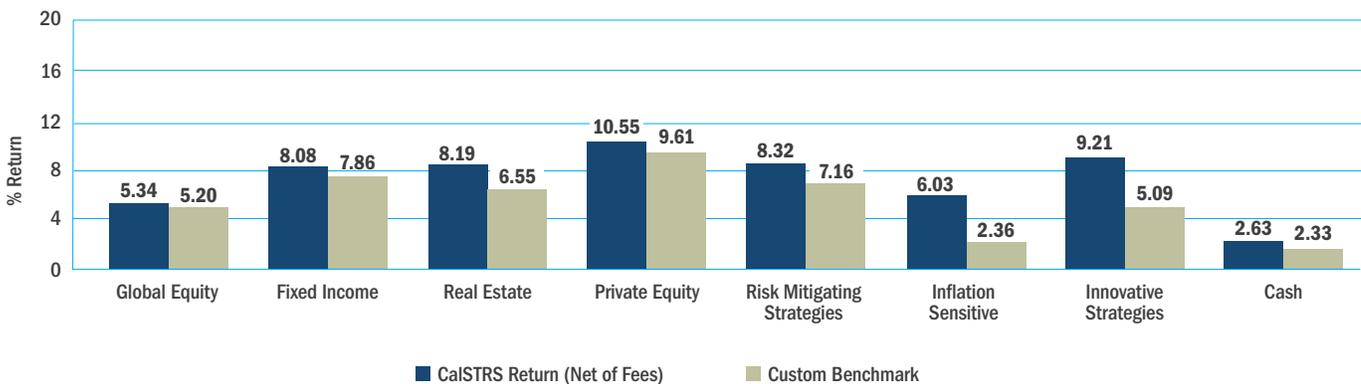
## Time-weighted returns

As of June 30, 2019



## One-year time-weighted returns by portfolio types

As of June 30, 2019



## CalSTRS Resources



### WEB

CalSTRS.com  
Click *Contact Us* to email  
myCalSTRS.com  
403bCompare.com  
Pension2.com

### STAY CONNECTED



### CALL

800-228-5453  
7 a.m. to 6 p.m.  
Monday through Friday  
916-414-1099  
Calls from outside the U.S.  
888-394-2060  
CalSTRS Pension2®  
Personal Wealth Plan  
855-844-2468 (toll free)  
Pension Abuse Reporting Hotline



### WRITE

CalSTRS  
P.O. Box 15275  
Sacramento, CA  
95851-0275



### VISIT

Member Services  
100 Waterfront Place  
West Sacramento, CA 95605  
Find your nearest  
CalSTRS office at  
CalSTRS.com/localoffices



### FAX

916-414-5040

## Your checklist

New to teaching? Do these five things today:



- Activate your myCalSTRS account at [myCalSTRS.com](https://myCalSTRS.com) to view your account balances and *Retirement Progress Report*, update your contact information and more.

- Designate a one-time death benefit recipient using myCalSTRS or by completing the *Recipient Designation* form, available at [CalSTRS.com/forms](https://CalSTRS.com/forms).



- Watch the member education videos at [CalSTRS.com/videos](https://CalSTRS.com/videos) for a quick way to learn about your benefits.

- Start a tax-advantaged 403(b) or 457(b) account for additional money in retirement. Consider CalSTRS Pension2, which offers low costs and flexible investment options. Go to [Pension2.com](https://Pension2.com) to learn more.



- Keep up to date by reading *Connections*, published twice a year. Sign up on myCalSTRS to receive your newsletter electronically to help us conserve natural resources.

## ► Need help choosing a 403(b) plan?

Check out [403bCompare.com](https://403bCompare.com) to explore your options and easily compare among hundreds of plans.



CALSTRS  
pension 2  
personal wealth plan

# How Pension2 fits into your future

**CalSTRS Pension2® 403(b) and 457(b) plans give you a smart way to build personal savings that complement your CalSTRS retirement benefit.**

- You control how you save and invest.
- Your costs are lower, with no commissions.
- You choose funds to match your investing style.
- Your account can potentially grow tax-deferred with taxes generally not due until money is withdrawn.
- **A CalSTRS retirement benefit will replace, on average, about 50% to 60% of a member's salary. It's never too early to start saving more money for your future.**

➤ **Learn more at [Pension2.com](https://Pension2.com).**

It's your future. Choose Pension2™.

## ► **Teacher Talk:** Spotlight on California’s educators

*Teacher focuses on building relationships with students*



### **Margaret Hicks**

Fifth and sixth grade teacher

Oak Tree Community Day School,  
Palmdale

CalSTRS member: 13 years

Margaret Hicks builds connections with her fifth and sixth grade students, challenging the traditional model of discipline in her work at Oak Tree Community Day School in Palmdale.

“Our students generally come to us for behavioral referrals. Sometimes students are placed there due

to expulsion. Our class size is generally small, so we can help build those skills that students are lacking at bigger campuses, where there are classes of more than 30 students,” Hicks said.

Opportunities to succeed in school are limited for her students and she works hard to change that.

“They may not be the best readers, the best mathematicians,” Hicks said. “I tell them ‘Let’s make today the try day.’ They’re raising their hands, they’re putting forward effort, they’re asking questions. I know in the past they may not have done that. They may have been thrown out of class, they may have been disruptive, causing them to get referred. When I see all the hands raised, they’re engaging in the learning process and they recognize they can be successful.”

### **How did you end up working with students with behavioral referrals?**

Hicks started teaching at as an intern in general education. “So many students had different needs academically. I felt at the time I didn’t have the skills I needed to help them understand the instruction. That’s when I went back to school to get my special education credential. Prior to

teaching, I worked as a special ed paraeducator. I had opportunities to work with small groups and I could see how students could flourish in a small group and one-on-one setting.”

She now embraces the challenge of working with students that need behavior support.

“You have to be able to teach but also be able to manage the behaviors. It’s not about classroom management. It’s about how you can build relationships with students, so you have their trust and you can meet the needs they may be lacking. You receive more experience in working with more diverse groups of students.”

### **What’s one thing you’re proud of as a teacher?**

“At our community day school, in our alternative setting for students, I have a new sense of what discipline is. When I first started, I thought it was all about students following a list of rules or students being compliant or making sure there was a consequence for behaviors, so the students wouldn’t do that again.

*continued on page 7*

## Dana Dillon retires

The November 2019 board meeting was Dana Dillon's last on the Teachers' Retirement Board, where she has served since being elected in 2003. Dillon, who is retiring this spring after 36 years with the Weed Union Elementary School District, previously served as board chair and vice chair. She has also served as state council representative, director on the National Education Association board of directors, chair of the California Teachers Association's Retirement Committee and as a member of the CTA board of directors.

## Board welcomes new member

Denise Bradford, an elementary school teacher from the Saddleback Valley Unified School District in Orange County, is serving a 4-year term as one of three elected members on the 12-member board. She started her work on the board representing current educators with the January meeting. Bradford, who is a new-educator mentor and curriculum leader, is president of the Saddleback Valley Educators Association representing 1,200 members. She graduated from the University of Southern California with bachelor's degrees in German language and literature and international relations and obtained her master's in educational leadership and administration from California State University, Fullerton.

## Governor reappoints Karen Yamamoto to board

Gov. Gavin Newsom reappointed Karen Yamamoto to the board effective February 13, 2020. Yamamoto is a retired second grade teacher from the Washington Unified School District in West Sacramento and has served on the board since 2017. She has a master's degree in early childhood education from Sacramento State. Her term runs through December 31, 2023.

## Board Elects chair, vice chair

During the May board meeting, Harry M. Keiley was elected as board chair and Sharon Hendricks as vice chair for the 2020–21 term. The board nominates and elects its chair and vice chair annually and newly elected officers assume their posts immediately.

*continued from page 6*

## Teacher Talk: Spotlight on California's educators

"Discipline can be a positive thing because you get to know your students. We practice restorative circles and build community. When you think of building community with your students, you're building connections with them. The more you connect with them, the more you know them."

**Teacher Talk** is a series of profiles on California educators. For the full-length version of this story, visit **[CalSTRS.com/teacher-talk-profiles](https://www.calstrs.com/teacher-talk-profiles)**. To be considered for a future profile, please email **[Communications@CalSTRS.com](mailto:Communications@CalSTRS.com)**, with "Teacher Talk" in the subject line.

## CalSTRS resources

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Monday through Friday

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**855-844-2468** (toll free)  
Pension Abuse Reporting Hotline



**CalSTRS**  
P.O. Box 15275  
Sacramento, CA 95851-0275



**Member Services**  
100 Waterfront Place  
West Sacramento, CA 95605

Find your nearest  
CalSTRS office at  
CalSTRS.com/localoffices



**916-414-5040**  
**STAY CONNECTED**



## Moved or planning a move soon?

### Two ways to update your contact information:



myCalSTRS makes it easy. From the home page, select *Update Your Profile*, then follow the instructions.

➤ [myCalSTRS.com](https://mycalstrs.com)



Complete the *Address Change Request* form, sign, date and mail it to us.

➤ [CalSTRS.com/forms](https://calstrs.com/forms)

- For your security, when you update your mailing or email address, we will send you a letter and an email confirming the update.

### CalSTRS website security update

To ensure the continued safety of CalSTRS member data, we are updating our website security features. Starting June 30, our website will no longer support out-of-date internet browsers. A popup message will prompt you to update your browser if it is outdated.